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FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC 8880
INFO RUEHSO/AMCONSUL SAO PAULO 9816
RUEHRG/AMCONSUL RECIFE 6616
RUEHRI/AMCONSUL RIO DE JANEIRO 4335
RUCPDOG/USDOC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS BRASILIA 000832

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DEPT PLEASE PASS TO USTR SCRONIN
USDOC FOR 3134/USFCS/OIO/WH
USDOC FOR 4332/ITA/MAC/WH/OLAC/MCAMPOS
AID/W FOR LAC/AA
TREASURY FOR OASIA
NSC FOR FISK
WHA FOR SHANNON AND DUDDY

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E.O. 12958: N/A

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SUBJECT: AMBASSADOR REVIEWS BILATERAL AGENDA WITH PRESIDENTIAL
CHIEF OF STAFF ROUSSEFF

¶1. (SBU) On April 25, Ambassador met privately with Lula Chief of Staff Dilma Rousseff in the wake of a prior meeting between visiting DOE A/S Andrew Karsner and Rousseff (reported septel). In this subsequent give-and-take session, the Ambassador raised a number of pending issues with Rousseff in an effort to advance our bilateral agenda.

¶2. (SBU) Specifically, the conversation touched upon the following:

-- Rescheduling the Rousseff Visit to Washington. Because Lula needed her in Brasilia, Rousseff had just cancelled a scheduled May 1-2 visit to Washington. She stated that while she had been very much looking forward to the trip, the nature of her job made any type of foreign travel any iffy proposition. She hoped to reschedule for the future, although in the end whether she could travel would always depend upon the president's agenda at the time.

-- Upcoming Visits of Secretaries Paulson and Leavitt. The Ambassador noted that Treasury Secretary Paulson might travel to Brasilia in early July and requested a meeting for the Secretary with President Lula. Rousseff said that she would check the president's schedule and get back to us. Ambassador also requested that both Rousseff and Health Minister Temporao meet with HHS Secretary Leavitt to discuss topics such as malaria prevention when

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the Secretary visits Brazil later in the year. While the U.S. wanted to partner with Brazil on malaria prevention in both the Amazon and sub-Saharan Africa, the Ambassador stated, it appeared that the Foreign Ministry only contemplated cooperation in the latter region. Minister Rousseff assured us that this was not the case and offered to make both herself and Health Minister Temporao available to meet with Secretary Leavitt.

-- Infrastructure and Bilateral Investment. The Ambassador noted that while Brazil sought to attract greater foreign investment up until now it had been unwilling to consider negotiations on a comprehensive bilateral investment treaty (BIT). Conclusion of a BIT, he observed, would do much to bring investors to Brazil, particularly in the area of infrastructure. Rousseff suggested that Emboffs meet with the Planalto (i.e., the President's office) personnel responsible for infrastructure issues to discuss how best the U.S. private sector could assist in this area. (Embassy is

currently endeavoring to set up such a meeting.)

-- Sale of Diplomatic Properties. Minister Rousseff stated that many people were asking her about the contemplated agreement allowing the sale of U.S. diplomatic properties. The Ambassador explained that an INSS (social security tax) dispute prevented us from disposing of unneeded properties. The Foreign Ministry had drafted legislation (yet to be submitted to Congress) which, if passed, would permit the U.S. to sell these structures - and, in turn, free up the purchase by Brazil of properties in New York and Atlanta. Rousseff promised to check into the status of the draft legislation and make sure that it was timely submitted to the Brazilian congress.

-- CEO Forum. Finally, Rousseff inquired about the status of the Brazil-U.S. CEO Forum. The Ambassador replied that the first meeting should take place sometime this summer and noted that many prominent CEOs (Motorola, Intel, Coca-Cola, Ford, GM, Alcoa, Citigroup, Principal Financial Group, etc.) had applied for Forum membership. For her part, Rousseff pledged to provide the Embassy with an official list of the Brazilian CEOs that had been selected to participate.

13. (SBU) Comment. In coming weeks, we shall continue our dialogue with Rousseff on these and other issues. Sometimes dubbed the "Iron Lady" - but never to her face - after President Lula she is perhaps the second most powerful figure in Brazil. Her willingness to engage in meaningful dialogue with us bodes well for our ongoing efforts to expand our partnerships with Brazil. Our ultimate goal is to finally get her to travel to the U.S. to meet her Washington counterparts, although that may eventually depend upon the vagaries of Lula's schedule more than anything else.

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